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**Report and Recommendations  
of the  
Imitation Milk Products Review Committee**

**Submitted to: Hon. Larry Chalmers,  
Minister of Agriculture, Fisheries and Food  
Government of B.C.**

**May 24, 1991**

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91-06855/

# **B.C. IMITATION MILK PRODUCTS REVIEW COMMITTEE**

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**Mr. Alex Campbell**  
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B.C. Ministry of Agriculture  
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May 24, 1991

Hon. Larry Chalmers,  
Minister of Agriculture, Fisheries and Food  
Rm. #102,  
Parliament Buildings,  
Victoria, B.C.  
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Dear Minister:

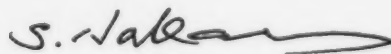
On behalf of the Imitation Milk Products Review Committee, I respectfully submit the following **Report and Recommendations** as requested by your Ministry in September, 1990.

Please be advised that our committee has been limited in its ability to validate its recommendations, due to time and budget constraints. We strongly urge your Ministry to investigate further, through appropriate research and study, several issues we have identified, before final recommendations and changes to legislation are made.

As we note in our report, we have reviewed the use and availability of imitation milk products in British Columbia, as they relate to health, nutrition, trade, labelling and the relationship to true dairy products.

We have made recommendations accordingly within the limits of the information currently available to us. We stand available to assist you with further actions relating to our findings.

Yours truly,



Dr. Shuryo Nakai,  
Chairman



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## Acknowledgements

The Imitation Milk Products Review Committee (IMPRC) wishes to acknowledge the considerable time and effort individuals and organizations took in submitting their opinions and information to the Committee in its efforts to examine issues related to imitation dairy products in the province.

The Committee has used this considerable input to develop this report.

The Committee wishes to express its appreciation for the conscientious and tireless assistance of Mr. Hartmut Gorbahn, Ministry of Agriculture, Fisheries and Food, in maintaining the Committee's Secretariat.

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## Executive Summary

The Imitation Milk Products Review Committee was established in September, 1990, to examine issues relating to the production, quality and sale of imitation dairy products in British Columbia.

The recommendations of the Committee contained in this Report are the result of input from the public, dairy and food industry representatives, nutrition authorities and other interested parties.

Subject to the recommendations in this Report, the Committee is in agreement that the public should have freedom of choice in the selection of dairy and/or non-dairy products. The Committee recognizes that there are segments of the public requiring non-dairy alternatives for philosophical, religious, economic and/or health reasons.

It is also the view of the Committee that there should be clear, concise, easily understood and uniform definitions and standards of identity to distinguish products that simulate dairy products in Canada.

The Committee found that the current definitions for imitation dairy products are inadequate and confusing. Furthermore, nutritional and compositional standards for such products are lacking from both the provincial and federal perspectives.

In the context of interprovincial trade and the apparent desire for the removal of provincial trade barriers, it is obvious to the Committee that a national policy affecting the manufacture and/or marketing of imitation dairy products is necessary. The importance of this issue cannot be over-stated, and the Committee urges officials within the Ministry of Agriculture, Fisheries and Food to pursue dialogue between the federal and other provincial regulators in this regard.

The Committee has identified the need for specific studies concerning the consumer's knowledge and perceptions of labelling and health claims of food products, as well as their understanding of the terminology that may be employed in the labelling of food products.

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## **Executive Summary cont'd**

The Committee also recognizes the need for comprehensive studies on the economic impact that the manufacture and/or marketing of imitation dairy products would have on the dairy industry of B.C. The Committee states that imitation dairy products, as defined in this Report, should comply with all applicable and current regulations.

It should be noted that the IMPRC, in its process to date, has identified economic and consumer issues that require more in-depth examination and study before final recommendations for changes to policy, regulations and legislation can be made.

Specific recommendations are presented in this Report.

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## SECTION 1

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### Introduction

Milk is widely accepted as a pure and basic consumer product. Milk presents a variety of wholesome images – children drinking it, being poured into a bowl of crackling cereal, appearing on the family table, and generally, being regarded as a basic part of most Canadians' diets.

In today's world of change and increasingly complex choices, consumers have more variety of product choices than ever before. These choices are constantly changing as technology and science develop, producing new products and new consumer demands. Milk is no exception to this. There are no longer just two or three choices of milk and a limited number of dairy products. There is 2% milk, 1% milk, skim milk, acidophilus milk, lactose-reduced milk and low-fat cheese and frozen dairy desserts.

Some products with little or no milk are represented to be milk products. It appears that British Columbia's – and Canada's – regulations governing dairy and imitation dairy products need to be reviewed and changed to meet the current needs of the consumer.

Because food is basic to personal health and well-being, consumers expect quality food products. Consumers need to be informed about the food they are buying – in terms of nutrition, safety and value. They have a right to know the products' ingredients, nutritional content and that the products are safe to consume. And they demand choices of products.

Suppliers of food products recognize the opportunity to provide alternate or modified products to consumers and to fill new market niches. At the same time, they have a responsibility to provide safe food products and to provide consumers with the information they require about ingredients and nutritional content.

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Milk, milk products and imitation dairy products are no exception to these rights, demands and responsibilities. The variety of these products continues to grow. And with this growth comes the need to be especially vigilant of both the consumers and the processors' needs and responsibilities.

This Report, and the recommendations contained in it, examines the evolving dairy and imitation dairy products markets. It addresses the need for consistent, appropriate and enforceable national regulations to safeguard the public's health and freedom of dairy and imitation dairy product choice.

A key observation noted in the Committee's conclusions is that there is little statistical information available regarding the import of imitation dairy products into British Columbia. The need for examination of legal and economic implications regarding imitation dairy products is also noted. Analysis of the public's perceptions about imitation dairy products, and an estimation of the need for such products, are necessary.

The Committee's title, mandate and terms of reference refer to "imitation milk product". One of the Committee's key recommendations in this Report is to change this product description to: "**simulated dairy product**", and a suggested definition is proposed in Section #5.

*However, for purposes of this report, the words "imitation dairy product" are used.*

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### **1.1) Mandate of the Committee**

On September 25, 1990, the Hon. John Savage, then Minister of Agriculture and Fisheries, established the Imitation Milk Products Review Committee with the appointment of a chairman and seven other members.

Mr. Savage charged the Committee with the task of viewing the issue of imitation dairy products not only in the light of past and present trends, but also with examining what the future will likely hold for such products and what impact this issue will have on the dairy industry in British Columbia. He also requested that the Committee make recommendations for legislative or policy changes.

In particular, Mr. Savage drew the Committee's attention to imitation dairy products as they related to national and international trade, health issues, nutrition issues including labelling, and the pure food image of dairy products.

### **1.2) Committee Terms of Reference**

The terms of reference of the Committee were outlined by the Ministry as follows:

- 1) The Committee will prepare a report with recommendations for the Minister by January 31, 1991. (This was subsequently changed to allow for more consultation time.)
  - 2) Specific considerations of the Committee should include, but not be limited to, the following points:
    - a) The suitability of the Milk Industry Act to meet the needs of the B.C. dairy industry and of the consumer;
    - b) The health and nutritional significance of dairy products and analogues in the consumer's diet, including labelling claims;
    - c) The national regulations and policies on this issue;
    - d) Similar policies and regulations in other provinces – particularly the Edible Oils Act of Ontario;
    - e) Opportunities for B.C. food processors;
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f) The pure food image of dairy products;

g) National and international trade issues.

3) The Ministry of Agriculture and Fisheries will provide the secretariat needs of the Committee.

### 1.3) Committee Members

Appointed to the Committee by Minister Savage were:

Chairman: Dr. Shuryo Nakai, Professor, Food Science  
Department, University of B.C.

Members: Ms. Gillian Ackhurst, Nutrition Education  
Coordinator, B.C. Dairy Foundation

Mr. Ben Brandsema, dairy farmer, representing  
B.C. Federation of Dairymen's Association

Mr. William Dinsmore, General Manager of Foremost  
Foods Ltd., representing the Retail Council of Canada,  
Western Region

- Alternate Council Members:
  - Mr. Alex Campbell, President, Thrifty Foods
  - Mr. Peter Kinakin, Director, Overwaitea Foods

Ms. Evelyn Fox, President, Consumer's Association of  
Canada (B.C.)

Mr. Neil Gray, B.C. Dairy Council

Mr. Joe Groenendijk, dairy farmer, representing the  
Independent Dairymen's Associations' Committee of B.C.

- Alternate Committee Member:
  - Mr. Albert Van Esch

Mr. John D. Rose, Kirkland and Rose Ltd.,  
representing the B.C. Food Brokers Association

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#### **1.4) The Consultation Process**

The Committee's eight members were drawn from a number of sectors directly related to the issue of dairy and imitation dairy products. They represented a significant number of interests, and had contact with an even broader range of interests through their affiliations.

Within the framework of its terms of reference, the Committee defined and agreed to a Strategy Plan in November, 1990, which included seeking public input. The Committee also agreed that it would make decisions on a consensual basis, with major decisions being ratified by a formal vote.

Included among the groups approached by the Committee initially, were:

- B.C. Dairy Council
  - B.C. Dietetics and Nutritionists Association
  - B.C. Federation of Dairymen's Associations
  - B.C. Food Brokers Association
  - B.C. Ministry of Health - Nutrition Division
  - Dairy Bureau of Canada
  - Dairy Farmers of Canada
  - Consumers Association of Canada (B.C.), Food Committee
  - Independent Dairymen's Association
  - National Dairy Council
  - Retail Council of Canada
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In order to facilitate a wide cross-section of public input in the timeframe allowed for this initiative, the Committee solicited public input through advertisements in 15 regional newspapers covering the major population centres of B.C. in December, 1990.

A large number of submissions were received from individuals and groups who addressed a wide range of issues and viewpoints. The committee hired a consulting firm in January to summarize and categorize the submissions according to an issues framework. The consultant's final report provided a working document of issues for the Committee to review and to begin to develop its recommendations accordingly.

This process included examination of related legislation and similar situations in other provinces.

In its final deliberations, the Committee identified consumer, economic and legal issues that required more in-depth examination and study prior to developing additional recommendations for changes to provincial policy and/or legislation.

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## SECTION 2

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### The Current Situation

#### 2.1) What Is an Imitation Dairy Product?

There has been considerable discussion about what actually constitutes a dairy product, versus what constitutes an imitation dairy product. The Committee discussed at length the confusion among consumers about what could constitute an "imitation", versus a "substitute" dairy product, or an "alternate" dairy product.

Regulations regarding imitation dairy products are covered under the Provincial Government's Milk Industry Act, 1979, Chapter 258, and are administered by the Ministry of Agriculture, Fisheries and Food. Under this Act, a "dairy product" is defined as "milk, butter, cheese, evaporated milk, milk powder, dry milk, ice cream, malted milk, sherbet or any other product manufactured wholly or mainly from milk."

The Act defines an "imitation milk product" (referred to in this Report as an "imitation dairy product") as "any food substance other than milk or a manufactured milk product, of whatever origin, source or composition, that is manufactured for human consumption and for the same use as or in semblance of milk or a manufactured milk product, and that is manufactured wholly or in part from any fat or oil other than that of milk."

#### 2.2) Origins of Imitation Dairy Products in B.C.

Margarine was one of the first imitation dairy products introduced to British Columbia. It was allowed under the B.C. Oleomargarine Act of 1946, which was repealed in 1989 because the same regulations were included in the Food and Drugs Act of Canada.

The B.C. Milk Industry Act was proclaimed in 1956 after a Royal Commission studied the B.C. dairy industry. The aim of the Act was to protect consumers by ensuring that dairy products were safe and wholesome and to prevent the adulteration of dairy products with non-dairy fats. "Imitation" products were prohibited with the exception of margarine.

Since then, certain classes of imitation dairy products have been exempted in the Act in 1964, including whipped desert toppings, spreads and beverage whiteners.

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### 2.3) The Use of Imitation Dairy Products

The use of imitation dairy products has evolved over the years from the use of margarines in the 1940's to a considerable variety of dairy product substitutes today. Spreads, toppings and whiteners have gained acceptance on the basis of convenience and price. Consumer demand for alternate products has accelerated recently for a wider variety of reasons:

- 1) **Freedom of Choice** - The right or freedom to choose between dairy and imitation dairy products is often cited as a reason for demanding additional imitation dairy products in B.C. Consumers want to take responsibility for the choice of a product, rather than allowing the Government to restrict that choice.
- 2) **Philosophical Choice** - A philosophical or ethical objection to milk products because of their animal origin is also given as a reason for more choice.
- 3) **Nutritional Choice** - Recent public attention to health, which includes diet and nutrition, has been a significant contributing factor to the demand for imitation dairy products. Some consumers are seeking food products with a variety of nutrition-related characteristics such as less fat and cholesterol, a polyunsaturated source of fat, lower lactose levels and/or a different type of protein.

The dairy industry has responded to some of these market demands with such products as skim milk, low-fat cheese and lactose-reduced milk. It should be noted that many consumers do not know the actual fat content in dairy products. There is also confusion and a lack of understanding about the differences between milk allergies and lactose intolerance.

As the B.C. Dietetics and Nutritionists Association has noted, there remains a need for high quality, nutritionally-equivalent, *substitute* dairy products for a small segment of the British Columbia population who have cow milk allergies or lactose intolerance.

- 4) **Market Response** - As consumer preferences for dairy and imitation dairy products change, the food processing industry – especially in the U.S. – is anticipating a marketing opportunity in B.C. It is apparent that food distributors are attempting to gain a market share for imitation dairy products in British Columbia, although most ingredients originate from outside Canada. Imitation dairy products are not currently manufactured in the province due to regulatory restrictions on sales. The potential for access to B.C. may be increased under Canada-U.S. Free Trade.
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## **2.4) The B.C. Dairy Industry**

The B.C. dairy industry is a significant economic contributor to the province's agricultural sector. In fact, it is the largest commodity sector in British Columbia's agricultural industry.

Of the total B.C. farm cash receipts of \$1,185,653,000 in 1990, dairy farm cash receipts accounted for \$253,451,000. Overall, approximately 9,700 jobs depend directly on the dairy industry in the farming, processing and retail sectors.

Over 500 million litres of milk are produced from approximately 80,000 cows on about 1,000 dairy farms in B.C. And while 90 per cent of the fresh milk consumed in B.C. is from the province, a third of the provincial consumption of dairy products, including cheese, yogurt, ice cream and cottage cheese, is supplied by B.C. dairy producers.

The dairy industry is one of the most highly regulated industries in Canada, from the standpoints of marketing and health and food safety. The B.C. Milk Marketing Board determines quotas and farm gate prices for fluid milk used for milk fluid products such as varieties of milk and cream. The Canadian Dairy Commission deals with volumes and prices for industrial milk products such as cheese, ice cream and butter. Product quality is strictly controlled under Federal and Provincial Government on-site inspections and guidelines at all production points – from the dairy farm to the store shelf.

## **2.5) The B.C. Imitation Dairy Products Industry**

Regrettably, there are no official statistics or studies on the production, sale and/or consumption of imitation dairy products in B.C. or Canada. As a result, it is difficult to determine the economic value of the imitation dairy products market in the province.

However one U.S. example of an imitation dairy product, called "imitation cream cheese", accounted for 32,000,000 pounds in sales in 1990 – worth approximately \$85 million.

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## SECTION 3

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### **Regulation of Dairy and Imitation Dairy Products**

#### **3.1) The B.C. Government's Role**

Section 21 of British Columbia's Milk Industry Act specifically notes which imitation dairy products can be sold in British Columbia, and notes that further exemptions can be made upon the approval of the Minister of Agriculture, Fisheries and Food. These exemptions currently include margarine and classes of products such as toppings, spreads, beverage whiteners and desserts.

The enforcement of the Act and the afore-noted points fall under the jurisdiction of the provincial Ministry of Agriculture, Fisheries and Food. There is a requirement that the use of imitation dairy products must be noted on a sign or in the menu of a food service establishment. The use of imitation dairy products and margarine without such notice in restaurants is enforced only upon complaints. General enforcement has been restricted to product detention (imports), warning letters to all food brokers and pizza outlets, rulings on labels and product reviews (to determine imitation status).

As noted previously, while the manufacture of imitation dairy products is not prohibited in B.C. per se, the restriction of sales of these products under the Milk Industry Act has prevented the manufacture of such products to date.

The Committee has noted that there are areas requiring further examination under Section 21 of the Act, for example, dealing with exceptions already accepted as common practice.

Examples of products that have been exempted/permitted in B.C. include: Cool Whip and Snow Whip (sweet, whipped dessert toppings); Coffee Charm and Coffee Mate (coffee whiteners); and Tofulati (frozen dessert).

Products which have been refused exemptions/permits include Pizza Topping and Pizzamate (cheese substitutes) and Butter flavored Shortening.

Specific product descriptions that have been prohibited include: Soymilk, Soyamilk, Soyacream Cheese, Soy Cow and Imitation Sour Cream.

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### 3.2) Current Policy in Other Provinces

There is some degree of uniformity of legislation in other provinces pertaining to imitation dairy products, particularly with respect to the key definitions of "dairy product" and "imitation dairy product".

- 1) "Dairy Product" is defined to mean milk, butter, cheese, milk powder... or any other product manufactured wholly or mainly from milk;"
- 2) "Imitation Dairy Product" is defined as "any food substance, other than a dairy product, of whatever origin, source or composition that is manufactured for human consumption and for the same use as or in semblance of a dairy product and that is manufactured wholly or in part from any fat or oil, other than that of milk."

### 3.3) The Federal Government's Role

The Canada Agricultural Products Act administered by Agriculture Canada, provides standards of composition for manufactured milk: products such as butter, cheese, milk powder and ice cream. These standards are monitored on imported and domestically-produced products. External Affairs Canada negotiates import and export quotas for these products and the Canadian Dairy Commission administers this, as well as milk supply quotas for the production of milk used in manufacturing these products. Agriculture Canada does not define imitation or substitute products.

The Food and Drugs Act, administered by Health and Welfare Canada, and Consumer and Corporate Affairs Canada, covers the composition and labeling of all foods and drugs sold in Canada. Dairy products are clearly defined in this Act and the terminology to describe these products is well understood and strictly adhered to by the dairy industry.

Consumer and Corporate Affairs Canada regulates truth in labelling, product claims and accuracy of measurement. Products which imitate dairy products have not yet been defined under federal legislation, and have until recently been ignored or disallowed. New policy and guidelines have permitted imitations if the label claims are not misleading to the consumer.

For example, "pizza topping" is an approved name for imitation pizza cheese. This has been further approved to allow terminology such as "mozzarella-flavored pizza topping". Despite this federal approval, these products violate legislation in most Canadian provinces.

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The Health Protection Branch of Health and Welfare Canada administers the compositional standards for all processed foods. Many foods, including dairy products, have clearly defined standards prescribing or limiting the ingredients that can be used in them. For example, the addition of Vitamin A and D to milk is a requirement of the Food and Drugs Act, which ensures that Canadians receive sufficient levels of these two vitamins.

Imitation dairy products currently are not defined food products, and manufacturers of such products would not be permitted to add vitamins or minerals to them under current regulations.

A recent proposal by the Health Protection Branch recognizes that some consumers may wish to replace dairy products with alternate products. Therefore, the Branch is in the process of developing definitions for milk and cheese substitutes. These definitions may be based on the substitute product's nutritional equivalency to milk and cheese. Provincial governments currently are being asked for their input.

Provincial governments and processors have been frustrated by the development of national regulations for products that violate provincial legislation. A further complication exists at border control points across Canada. Canada Customs does not usually notify provincial agricultural authorities of products entering Canada. Thus the marketing of imitation dairy products into Canada from the U.S. has developed in contravention of provincial legislation. Mechanisms for controlling this do not formally exist in B.C.

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## SECTION 4

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### The Current Issues in B.C.

Based on the Committee's examination of issues and input received from the public, a number of issues have been identified in four main areas: legislation, economics, consumer concerns and product matters. The most frequently stated issues are presented in this section with no priority assigned. The Committee has used these issues to develop the recommendations which are presented in Section 5.

#### 4.1) Legislation Issues

These issues essentially involve matters where there are current frustrations or perceived inadequacies with B.C. and Federal legislation. Legislation in other provinces per se is not addressed.

- 1) **Need for Consistent Labelling Regulations and Guidelines** - Federal labelling regulations are inconsistent with Provincial legislation. For example, the Federal Food and Drugs Act allows for 2% *milk*, while the Provincial legislation stipulates that the product be labelled as chocolate *drink*.
  - 2) **Need for Consistency in Dairy-Related Terminology** - Current federal legislation allows dairy-related terminology for flavor descriptions such as: "cheddar-flavored tofu", whereas such terminology currently is disallowed under B.C. regulations.
  - 3) **Need for Co-ordination** - Co-ordination of legislation is required - any B.C. decision regarding product standards will have interprovincial and federal implications.
  - 4) **Inadequate Penalties** - Provincial enforcement measures are inadequate to the point of being insignificant - penalties start at \$50 and end at \$5,000.
  - 5) **Informality of Exemption Process** - The current provincial exemptions process for imitation dairy products is considered to be too arbitrary and too vulnerable to pressure from special interest groups.
  - 6) **Specific Legal Definitions** - There is a need for legal definitions of such terms as "imitations" and "substitutes".
  - 7) **New Nutrition Standards for Dairy Products** - The new Canadian Nutrition Guidelines and Recommendations have reinforced the need to re-examine federal standards for fat content in dairy products.
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#### 4.2) Economic Issues

- 1) **Protectionism** - The dairy industry is perceived by some elements of the public as being protectionist with respect to the availability of alternate choices to milk products.
- 2) **"Cheaper" Products** - There is a perception by some elements of the public that imitation dairy products are a cheaper alternative to dairy products.
- 3) **Unfair Promotional Advantage** - There is a dairy industry concern that imitation dairy products are "riding on the coattails" of dairy product promotion, and that the same stringent guidelines as to claims are not applied to imitations.
- 4) **Unfair Economic Advantage** - Transference of the consumer's confidence in dairy products to similarly packaged, imitation dairy products not under the same intensive health regulations, gives the imitation dairy product unfair economic advantage.
- 5) **Loss of Revenues** - Possible loss of Canadian economic activity in the dairy production and processing industries because of imitation dairy product imports from the U.S.
- 6) **Impact on B.C. Cheese Industry** - Possible loss of B.C. cheese business to imitation dairy products from the U.S., particularly the market for pizza cheese.

#### 4.3) Issues Affecting Consumers

- 1) **Freedom of Choice** - The freedom to choose alternatives to dairy products for reasons of philosophical, religious, economic and/or health preference.
  - 2) **Nutritional Concerns with Dairy Products** - There are perceived consumer concerns with fat and cholesterol in dairy products, as well as concerns with allergies and intolerances to dairy products.
  - 3) **Safety of Imitation Dairy Products** - Dairy products have earned, through legislation, compliance with legislation, and responsible marketing, an image of safety, purity and wholesomeness. Consumer confidence is easily transferred to other similarly packaged imitation products even though these products do not have the same stringent legislated standards of safety and quality.
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- 4) **Accuracy of Labelling of Imitation Dairy Products** - Confusion about nutritive value of imitation dairy products compared with dairy products.
  - 5) **Incomplete Label Information of Imitation Dairy Products** - Disclosure of ingredient content and nutritional value of imitation dairy products is lacking.
  - 6) **Misleading Labelling/Advertising of Imitation Dairy Products** - Some imitation products are advertised using dairy product nomenclature such as "cheese", "milk", etc., causing consumer confusion over whether products are partly dairy products, or equivalent to dairy products.
  - 7) **No Notice of Use of Imitation Dairy Products** - Restaurants and other institutions serving prepared food often neglect to properly notify the consumer of the use of imitation dairy products.
  - 8) **Restriction of Imitation Products** - The B.C. Milk Industry Act is perceived to be restrictive in that it appears to limit consumer choices and disallows products consumers demand.
  - 9) **Definition of Tofu as Dairy "Imitation"** - There is confusion as to which tofu products are considered to be imitation dairy products.
  - 10) **Concern that Dairy Industry is Promoting Banning of Tofu** - Perception that the dairy industry is attempting to restrict tofu market because of alleged competition with dairy products.

#### 4.4) Product Issues

- 1) **Definition of Alternatives to Dairy Products** - There is a need to define "substitute" and "imitation" as the terms relate to non-dairy products to meet the information needs of the B.C. consumer and to be consistent nationally.
- 2) **Uniform Product Standards** - Imitation dairy products and milk substitutes require standards for quality, labelling and composition that are consistent nationally.

#### 4.5) General Observations

The issues presented in this section represent those most commonly raised during the Committee's work. The Committee recognizes that there are specific, and less frequently-mentioned issues relating to imitation dairy products and dairy products.

It is likely these general and more specific issues can be addressed through actions the Committee recommends in the following section.

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## SECTION 5

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### Conclusions and Recommendations

In considering the issues presented to the Committee, and their four general categories – as noted in Section 4 – the Committee's conclusions and recommendations were developed accordingly.

#### 5.1) Legislation

**Conclusion #1** - Imitation dairy products, which have an appearance similar to milk and milk products, and/or are intended for a similar use, are being sold in British Columbia. The definition and composition of these products have not been established and the sale of such products may confuse or deceive the consumers.

**- Recommendation** - The Committee recommends that the Ministry adopt the following definitions of imitation dairy products on an interim basis, until the Federal Government has defined these products on a national basis:

**"Simulated" dairy products** may be manufactured from "blends" of dairy and non-dairy ingredients or from completely non-dairy ingredients.

a) **"Simulated" dairy products** are considered to be **"imitation" dairy products** when they employ dairy terminology or graphics, in packaging, labelling, and/or advertising, which is normally associated with "real" dairy products and in such a manner as to deceive or confuse the consumer. The sale of "imitation" dairy products should continue to be prohibited.

b) **"Simulated" dairy products** are considered to be **"substitute" dairy products**:

i) when they **do not pretend to be dairy products** and dairy terminology is not employed in the marketing thereof, and,

ii) when they are packaged, labelled and/or advertised in such a manner **not to deceive or confuse the consumer**, and,

iii) when **full disclosure of ingredients and nutritional values** appears on the label, and,

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iv) when they comply with all applicable and current Federal, Provincial and Municipal regulations relating to the manufacture, packaging and marketing of food products in Canada.

"Substitute" dairy products meeting all of these requirements may be sold in B.C.

**Conclusion #2** - The Committee acknowledges that the Federal Government currently is consulting with the provinces on clear and consistent definitions of dairy and imitation dairy products. Hopefully, this will alleviate consumer confusion of product definitions among the provinces and will be simpler and more equitable for interprovincial trade of dairy and imitation dairy products.

- **Recommendation** - The Committee recommends that the Ministry encourage the Federal Government to expedite this initiative, and that the B.C. Government remains a full and active participant in this initiative until it is completed.

**Conclusion #3** - The Committee recognizes that the current process for exempting imitation dairy products from the Milk Industry Act is too arbitrary.

- **Recommendation** - The Committee recommends that until legislation is amended, that the criteria outlined in the first recommendation of this Report be used as guidelines when reviewing applications for exemptions to the Milk Industry Act.

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**Conclusion #4** - Consumers have a need for a variety of food products to support their changing dietary habits and to fill special demands for food products they demand for philosophical, religious, economic and/or health reasons.

More specifically, consumers have identified a need for a wider choice of dairy products and/or alternates.

**- Recommendations** - The Committee recommends:

- 1) A review of all regulations that currently restrict the dairy and related industries from adapting their products to changing consumer demands, and,
- 2) That this review be preceded by province-wide studies on consumer perceptions and needs for dairy and imitation dairy products, and,
- 3) That an in-depth study of the economic impact of dairy and imitation dairy products be undertaken prior to the review of regulations.

**Conclusion #5** - The Committee recognizes that current enforcement procedures and penalties relating to the sale of imitation dairy products, as provided under B.C.'s current Milk Industry Act, are inadequate.

**- Recommendations** - The Committee recommends:

- 1) That there should be a re-examination of the adequacy of *deterrents* for non-compliance, and,
- 2) That there should be a re-examination of *enforcement procedures* and coordination with other regulatory agencies.

## 5.2) Economic Matters

**Conclusion #6** - The Committee recognizes that there is inadequate economic information about the imitation dairy product industry in B.C., its future potential, and its effects on the B.C. dairy industry. The Committee also recognizes that the legal introduction of imitation dairy products could have an economic impact on segments of the food production and processing sectors.

**- Recommendation** - The Committee recommends that prior to any changes in legislation, a comprehensive economic analysis and economic impact study be conducted into the dairy and imitation dairy product industries in B.C.

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### 5.3) Consumer Needs

**Conclusion #7** - The Committee recognizes that dairy product names carry with them a reputation for purity, quality and dependability that has been earned by the industry through complying with government legislation. Imitation dairy products do not have the same standards or regulation; therefore, they should not benefit from any association with dairy products.

- **Recommendation** - The Committee recommends that dairy product terminology (as defined by the Canadian Food and Drugs Act, or by Agriculture Canada *not* be used in naming substitute dairy products in order to avoid misleading or confusing the consumer.

**Conclusion #8** - The Committee is aware of some imitation dairy products that use dairy product nomenclature. This ultimately could result in confusing the consumer about whether or not the product is in fact a dairy product.

- **Recommendation** - The Committee recommends that no person shall label, package, advertise or make claims about a food in a manner likely to create an impression that it is a dairy product unless it is a dairy product.

**Conclusion #9** - The Committee is concerned about the use of imitation dairy products in the food service industry without the knowledge of the consumer. It is the Committee's opinion that consumers have the right to know whether they are consuming dairy products or imitation dairy products.

- **Recommendation** - The Committee therefore recommends the enforcement of full disclosure to all consumers and customers of the use of imitation dairy products for the hotel, restaurant and institutions trades.

**Conclusion #10** - The Committee understands that the enforcement of labelling and packaging regarding nutrition and health claims is primarily a Federal Government responsibility.

- **Recommendation** - The Committee sees this as a most critical issue that should be addressed at the national level with provincial input, to ensure consistent and accurate nutritive and ingredient listing on all dairy and imitation dairy products.

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**Conclusion #11** - The Committee recognizes there is consumer confusion resulting from inconsistencies in nutrient labelling and health claims on food products. Food products may employ various ways of expressing nutritive values. For example, fat content may be expressed by per cent of weight, by weight or by per cent of total calories. There is also misleading use of health claims on food products.

**- Recommendations** - The Committee recommends that these inconsistencies be addressed through:

- 1) Conducting a study on consumer knowledge and perceptions of food product labels, and,
- 2) Requesting appropriate changes to labelling and health claims legislation at the federal level based on study results, and,
- 3) Appropriate consumer education programs be developed and implemented to eliminate confusion over nutrient labelling and health claims on food products.

#### **5.4) Product-Related Matters**

**Conclusion #12** - Canada and the U.S. have quite different product standards. For example, the U.S. has no prohibitive regulations and no standards for imitation dairy products – they are separate food products in their own right. Also, there is considerable confusion over opportunities provided by the Canada-U.S. Free Trade Agreement as well as the existence of technical barriers to trade.

It is important that national standards for imitation dairy products be developed within Canada to provide a basis for international trade arrangements and to facilitate trade within Canada.

All dairy products other than fluid milk are currently marketed interprovincially based on national standards.

**- Recommendation** - The Committee recommends the development of legislation - for national standards for all food products, including dairy and imitation dairy products to facilitate interprovincial and international trade.

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**Conclusion #13** - The Committee views with some concern that the nutritional quality and product information about imitation dairy products may be misleading in its labelling and advertising.

- **Recommendation** - The Committee recommends that imitation food products meet the requirements of the Food and Drugs Act of Canada and that consistent, equal and fair advertising guidelines apply to processors and product marketers.

**Conclusion #14** - The Committee recognizes that there may be a role for non- dairy oils and/or proteins for the flavorings of some dairy products.

- **Recommendation** - The Committee recommends that legislation restricting the use of non-dairy oils and/or proteins be reviewed and amendments considered. The Ontario Edible Oils Act may be a useful reference in this regard.

## 5.5) Other Recommendations

**Conclusion #15** - The Committee has attempted to address all issues outlined in its original mandate and terms of reference given to it by the Minister in September, 1990. However, the complexity of this issue which affects the health and well-being of consumers justifies further careful and prudent evaluation.

- **Recommendations** - The Committee recommends:

1) That the Minister extend the mandate and terms of reference of the Committee to assist the Ministry with actions recommended in this report, and to undertake further studies as required, and,

2) That the appropriate resources be devoted to this process and to the areas of further study to assure a proper and equitable transition to the Committee's new responsibilities.

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## 5.6) A Final Note

B.C. dairy products have an excellent image of purity, wholesomeness and safety. This reputation is largely the result of legislation, self-policing and conscientiousness on the part of the dairy industry itself.

Consumers want to continue buying high quality dairy products, but they want alternatives as well. The Provincial and Federal Governments should allow the consumer this choice. But this choice should only be provided under the same stringent disclosure, quality and labelling restrictions placed on the dairy industry.

As guidelines are established for imitation dairy products, care should be taken to ensure that economic impacts on Canadian dairy producers are taken into account, along with economic opportunities for a growing imitation dairy product industry.

Above all else, every British Columbia consumer should be protected from inferior food products and should know what comprises the food he or she eats.

Our conclusions and recommendations support these points and fulfill the mandate of the Committee established by the Minister in September, 1990. We encourage the Minister to continue his Ministry's vigilance on food quality matters by adopting our recommendations.

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## **Bibliography**

- **B.C. Dairy Industry Financial Figures**
  - **Imitation Dairy Product Import Estimates**
  - **Dairy Act - Alberta**
  - **Dairy Act - Saskatchewan**
  - **Dairy Act - Ontario**
  - **Dairy Act - Quebec**
  - **Edible Oils Act - Ontario**
  - **1990 Canada Food and Nutrition Guidelines  
(Proposed)**
  - **Food and Drug Act (Canada)**
  - **Proposed Regulations - Health Protection Branch**
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## Appendices

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British Columbia

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MINISTER

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September 25, 1990

Dr. Shuryo Nakai  
University of British Columbia  
Food Science Department  
6650 Northwest Marine Drive  
Vancouver, British Columbia  
V6T 1W5

Dear Dr. Nakai:

Your interest in the dairy industry has long been recognized. As you are aware, an "Imitation Milk Products Review Committee" is being established.

Dr. Nakai, I ask you to serve on that Committee and act as a Chairperson to that group. Your secretary will be Mr. Hartmut Gorbahn from the Ministry of Agriculture and Fisheries.

The task of this working group is to view the issue of Imitation Milk Products (IMP), not merely in the light of past and present trends, but what the future will likely hold and what impact it will have on the industry in British Columbia; then, recommend these findings to me for legislative or policy changes.

Specifically, I would welcome reports pertaining to IMP on:

- National/International Trade;
- Health Issues;
- Nutrition Issues including labeling; and,
- Pure Food Image of Dairy Products.

I am looking forward to the Committee's report by the end of January 1991 and would like to ask you to attend the first meeting to be arranged in the very near future through the office of Mr. Gorbahn.

Thank you for your anticipated services.

Yours truly,

John L. Savage  
Minister of Agriculture and Fisheries

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## **Imitation Dairy Products Review Committee**

### **TERMS OF REFERENCE**

1. The imitation dairy products review committee as appointed will prepare a report with recommendations for the Minister by January 31, 1991.
  2. Specific considerations of the committee should include but are not limited to the following:
    - a. The suitability of the Milk Industry Act to meet the needs of the dairy industry and of the consumer
    - b. The health and nutritional significance of dairy products and analogues in the consumer's diet. Labelling claims should be considered.
    - c. The National regulations and policy on this issue.
    - d. Other provincial policy and legislation, particularly the Edible Oils Act of Ontario
    - e. Opportunities for B.C. processors.
    - f. The pure food image of dairy products.
    - g. Trade issues both nationally and internationally.
  3. The Ministry of Agriculture and Fisheries will provide the secretariat needs of the committee.
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